

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613019
<015>	Study Area Name	OTZ TEL COOPERATIVE
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Douglas A. Neal
<035>	Contact Telephone Number: Number of the person identified in data line <030>	9074421000 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	dneal@otz.net
	Form Type	54.313 and 54.422

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<010>	Study Area Code	613019
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Yes

-- See attached worksheet --

**(300) Unfulfilled Service Request
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	613019
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<039>	Contact Email Address - Email Address of person identified in data line <030>	dneal@otz.net

<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

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<039>	Contact Email Address - Email Address of person identified in data line <030>	dneal@otz.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

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<039>	Contact Email Address - Email Address of person identified in data line <030>	dneal@otz.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
613019ak510.pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

(600) Functionality in Emergency Situations		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
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<039>	Contact Email Address - Email Address of person identified in data line <030>	dneal@otz.net
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	613019ak610.pdf

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<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	

[illegible]

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[illegible]

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<039>	Contact Email Address - Email Address of person identified in data line <030>	dneal@otz.net
<810>	Reporting Carrier	OTZ Telephone Cooperative, Inc.
<811>	Holding Company	OTZ Telephone Cooperative, Inc.
<812>	Operating Company	OTZ Telecommunications

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

 FCC Form 481
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<039>	Contact Email Address - Email Address of person identified in data line <030>	dneal@otz.net

<900> Does the filing entity offer tribal land services? (Y/N) Yes

<910> Tribal Land(s) on which ETC Serves

Native Village of Ambler
 Buckland IRA Council
 Deering IRA Council
 Kiana Traditional Council
 Kivalina IRA Council
 Kobuk Traditional Council
 Kotzebue IRA Council
 Noatak IRA Council
 Noorvik IA Council
 Native Village of Selawik
 Shugnak IRA Council

<920> Tribal Government Engagement Obligation

613019ak920.pdf

<921>

<922> Feasibility and sustainability planning;
 <923> Marketing services in a culturally sensitive manner;
 <924> Compliance with Rights of way processes
 <925> Compliance with Land Use permitting requirements
 <926> Compliance with Facilities Siting rules
 <927> Compliance with Environmental Review processes
 <928> Compliance with Cultural Preservation review processes
 <929> Compliance with Tribal Business and Licensing requirements.

Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

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<039>	Contact Email Address - Email Address of person identified in data line <030>	dneal@otz.net

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 613019ak1010.pdf

Name of Attached Document

<1020> Broadband comparability certification Not Applicable

<1030> Attach detailed description for broadband comparability compliance

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

FCC Form 481

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<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130>

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(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

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613019ak1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

<1220> Link to Public Website

HTTP

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒

<1222> Details on the number of minutes provided as part of the plan, ☒

<1223> Additional charges for toll calls, and rates for each such plan. ☒

(2005) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

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Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

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(2005) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing
Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

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Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
		Yes - Attach Certification	
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}		
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	613019ak3010B.pdf
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	613019ak3026.pdf

(3005) Rate Of Return Carrier Additional Documentation (Continued)

FCC Form 481

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Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

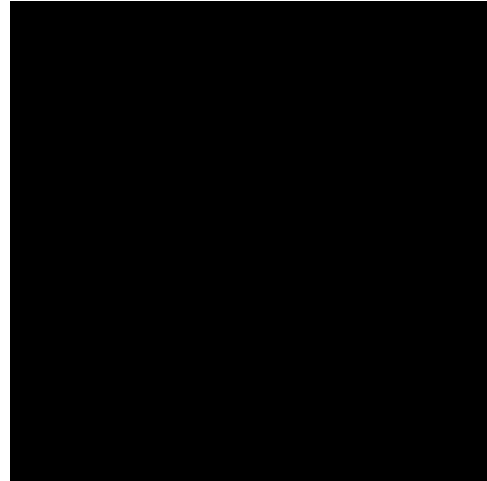
(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends



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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information

**Certification - Reporting Carrier
Data Collection Form**

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TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	OTZ TEL COOPERATIVE
Signature of Authorized Officer:	CERTIFIED ONLINE Date 06/26/2017
Printed name of Authorized Officer:	DOUG NEAL
Title or position of Authorized Officer:	CEO
Telephone number of Authorized Officer:	9074421000 ext.
Study Area Code of Reporting Carrier:	613019 Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent Firm: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Name of Authorized Agent Employee: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

Data Collection Form

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<210> For the prior calendar year, were there any reportable voice service outages?

Yes

<220>

[illegible]

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(700) Price Offerings including Voice Rate Data Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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(710) Broadband Price Offerings Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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[illegible]

(800) Operating Companies	FCC Form 481
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OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013



OTZ TELEPHONE COOPERATIVE, INC.

P.O. BOX 324
KOTZEBUE, ALASKA 99752
(907) 442-3114
FAX (907) 442-2123
1-800-478-3111

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20544

Re: WC Docket Nos. 10-90 and 11-42, Annual 47 C.F.R. § 54.313(a)(5) and § 54.422
Certification via Form 481, Line No. 510

Dear Ms. Dortch:

Please accept this letter as certification that **OTZ Telephone Cooperative, Inc.** makes all reasonable efforts to comply with applicable service quality standards as stated in Alaska Administrative Code 3 AAC 53.700 State Telecommunications Modernization Plan and consumer protection rules as defined in 47 C.F.R. Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft.

OTZ Telephone Cooperative, Inc. adheres to Consumer Protection by complying with the requirements of 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft. A manual for each of those programs is in place and is part of the employees' handbook. Employee training is conducted annually and new hires are instructed on the programs as required by their job functions.

OTZ Telephone Cooperative, Inc. also adheres to Service Quality Standards by complying with the service standards of the State of Alaska as promulgated in the Alaska Administrative Code 3 AAC 53.700 State Telecommunications Modernization Plan.

Sincerely,

Douglas A. Neal
Chief Executive Officer



OTZ TELEPHONE COOPERATIVE, INC.

P.O. BOX 324
KOTZEBUE, ALASKA 99752
(907) 442-3114
FAX (907) 442-2123
1-800-478-3111

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20544

Re: WC Docket Nos. 10-90 and 11-42, Annual 47 C.F.R. § 54.313(a)(6) and § 54.422 Certification via Form 481, Line No. 610

Dear Ms. Dortch:

Please accept this letter as certification that **OTZ Telephone Cooperative, Inc.** will make reasonable efforts to function in emergency situations as set forth in 47 C.F.R. §54.202(a)(2) and in Alaska Administrative Code 3 AAC 53.410(a)(12).

Back-up Power

OTZ Telephone Cooperative, Inc. has the following back-up power capabilities:

Switches – stand alone and/or host

Ambler CO Switch	Back-up Honda Alpha DCX 3000 48 volt, 3,000 watt generator, and a 48 volt Marathon M12V90's battery plant with four (4) 90 amp hour batteries. Generator fuel storage tank is 3.5 gallons and provides emergency run time of ten (10) hours and additional battery reserve power of four (4) hours.
Buckland CO Switch	Back-up Honda EB 11,000 AC, 10,500 watt generator, and a 48 volt Fiamm FA2014, 600 amp hour battery plant. Generator fuel storage tank is 6.9 gallons and provides emergency run time of five (5) hours and additional battery reserve power of seventeen (17) hours.
Deering CO Switch	Back-up Honda EB 11,000 AC, 10,500 watt generator, and a 48 volt Deka Unigy II AVR 85-15, 630 amp hour battery plant. Generator fuel storage tank is 6.9 gallons and provides emergency run time of five (5) hours and additional battery reserve power of twenty-three (23) hours.

Kiana CO Switch	Back-up Honda EB 11,000 AC, 10,500 watt Generator, and a 48 volt Deka Unigy II AVR 85-15, 630 amp hour battery plant. Generator fuel storage tank is 6.9 gallons and provides emergency run time of five (5) hours and additional battery reserve power of twenty-three (23) hours.
Kivalina CO Switch	Back-up Honda EB 11,000 AC, 10,500 watt generator, and a 48 volt Deka Unigy II AVR 95-17, 760 amp hour battery plant. Generator fuel storage tank is 6.9 gallons and provides emergency run time of five (5) hours and additional battery reserve power of twenty-one (21) hours.
Kobuk CO Switch	Back-up Honda Alpha DCX 3000 48 volt, 3,000 watt generator, with a 48 volt Marathon M12V90's battery plant with eight (8) 90 amp hours batteries. Generator fuel storage tank is 3.5 gallons and provides emergency run time of ten (10) hour and additional battery reserve power of six (6) hours.
Kotzebue CO Switch	Back-up Honda Alpha DCX 3000 48 volt, 3,000 watt generator, and a 48 volt Deka Unigy II AVR 125-33, 2,000 amp hour battery plant. Generator fuel storage tank is 3.5 gallons and provides emergency run time of ten (10) hours and additional battery reserve power of twenty (20) hours.
Noatak CO Switch	Back-up Honda EB 11,000 AC, 10,500 watt generator, and a 48 volt Deka Unigy II AVR 95-17, 760 amp hour battery plant. Generator fuel storage tank is 6.9 gallons and provides emergency run time of five (5) hours and additional battery reserve power of twenty-three (23) hours.
Noorvik CO Switch	Back-up Honda GX 620 AC, 12,000 watt generator, and a 48 volt Deka Unigy II AVR 95-11, 475 amp hour battery plant. Generator fuel storage tank is 6.9 gallons and provides emergency run time of five (5) hours and additional battery reserve power of fifteen (15) hours.
Red Dog CO Switch	Back-up generator is supplied by Teck Cominco Alaska Incorporated. The battery plant is a 48 volt C&D TEL1-105F with 200 amp hour. The battery reserve power is ten (10) hours without the generator.
Selawik CO Switch	A 48 volt Deka Unigy II AVR 95-17, 760 amp hour battery plant provides twenty-seven (27) hours of reserve power.
Shungnak CO Switch	A 48 volt Deka Unigy II AVR 95-7, 285 amp hour battery plant provides eleven (11) hours of reserve power.

Remote Central Offices None

Subscriber Carrier – Digital Loop Carrier Equipment

Kotzebue Exchange	Adtran Back-up Honda Alpha DCX 3000 48 volt, 3,000 watt generator, and a 48 volt Deka Unigy II AVR 125-33, 2,000 amp hour battery plant. Generator fuel storage tank is 3.5 gallons and provides 10 hours run time. Note that run time will be continuous with Village Rep at site to keep the Generator refueled.
Ambler Exchange	Adtran Back-up Honda DCX 3000 48 volt, 3,000 watt generator, and a 48 volt Marathon M12V90, 180 amp hour battery plant. With the amperage load at this site, there is 8 hours battery run-time. Generator fuel storage tank is 3.5 gallons and provides 10 hours run time. Note that run time will be continuous with Village Rep at site to keep the Generator refueled.
Kobuk Exchange	Adtran Back-up Honda DCX 3000 48 volt, 3,000 watt generator, and a 48 volt Marathon M12V90, 180 amp hour battery plant. With the amperage load at this site there is 8 hours battery run-time. Generator fuel storage tank is 3.5 gallons and provides 10 hours run time. Note that run time will be continuous with Village Rep at site to keep the Generator refueled.

Network Interface Devices (NIDs)

OTZ Telephone Cooperative, Inc. has 2,427 customers with metallic (copper) connections to the Central Offices and their NIDs are powered from the Central Offices.

Ability to reroute traffic around damaged facilities:

OTZ Telephone Cooperative, Inc. has stand alone locations connected by satellite. All exchanges except one provide equal access with AT&T and GCI for interconnection to the Public Switched Telephone Network.

Capability to manage traffic spikes resulting from emergency situations

Ambler Exchange	OTZ Telephone Cooperative, Inc. has 85 customers, switching capacity of 160 simultaneous calls, and transport capacity for 24 simultaneous calls. OTZ Telephone Cooperative, Inc. takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting
-----------------	--

from emergency situations, but will continue its best efforts for its networks during such events.

Buckland Exchange	OTZ Telephone Cooperative, Inc. has 108 customers, switching capacity of 192 simultaneous calls, and transport capacity for 288 simultaneous calls. OTZ Telephone Cooperative, Inc. takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.
Deering Exchange	OTZ Telephone Cooperative, Inc. has 73 customers, switching capacity of 128 simultaneous calls, and transport capacity for 192 simultaneous calls. OTZ Telephone Cooperative, Inc. takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.
Kiana Exchange	OTZ Telephone Cooperative, Inc. has 100 customers, switching capacity of 224 simultaneous calls, and transport capacity for 336 simultaneous calls. OTZ Telephone Cooperative, Inc. takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.
Kivalina Exchange	OTZ Telephone Cooperative, Inc. has 94 customers, switching capacity of 224 simultaneous calls, and transport capacity for 336 simultaneous calls. OTZ Telephone Cooperative, Inc. takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.
Kobuk Exchange	OTZ Telephone Cooperative, Inc. has 49 customers, switching capacity of 96 simultaneous calls, and transport capacity for 24 simultaneous calls. OTZ Telephone Cooperative, Inc. takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.
Kotzebue Exchange	OTZ Telephone Cooperative, Inc. has 1,360 customers, switching capacity of 4,128 simultaneous calls, and transport capacity for 2,400 simultaneous calls. OTZ Telephone Cooperative, Inc. takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

Noatak Exchange **OTZ Telephone Cooperative, Inc.** has 126 customers, switching capacity of 224 simultaneous calls, and transport capacity for 336 simultaneous calls. **OTZ Telephone Cooperative, Inc.** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

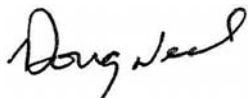
Noorvik Exchange **OTZ Telephone Cooperative, Inc.** has 118 customers, switching capacity of 256 simultaneous calls, and transport capacity for 384 simultaneous calls. **OTZ Telephone Cooperative, Inc.** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

Red Dog Exchange **OTZ Telephone Cooperative, Inc.** has 25 customers, switching capacity of 64 simultaneous calls, and transport capacity for 1056 simultaneous calls. **OTZ Telephone Cooperative, Inc.** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

Selawik Exchange **OTZ Telephone Cooperative, Inc.** has 155 customers, switching capacity of 416 simultaneous calls, and transport capacity for 624 simultaneous calls. **OTZ Telephone Cooperative, Inc.** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

Shungnak Exchange **OTZ Telephone Cooperative, Inc.** has 70 customers, switching capacity of 112 simultaneous calls, and transport capacity for 24 simultaneous calls. **OTZ Telephone Cooperative, Inc.** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

Sincerely,



Douglas A. Neal
Chief Executive Officer



OTZ TELEPHONE COOPERATIVE, INC.

P.O. BOX 324
KOTZEBUE, ALASKA 99752
(907) 442-3114
FAX (907) 442-2123
1-800-478-3111

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20544

Re: WC Docket No. 10-90, Annual 47 C.F.R. § 54.313(a)(9) Certification via Form 481,
Line No. 920

Dear Ms. Dortch:

Please accept this letter as certification demonstrating that OTZ Telephone Cooperative, Inc. (OTZ) has coordinated with Tribal government as set forth in 47 C.F.R. §54.313(a)(9).

In 2016, OTZ took multiple actions in order to comply with the Tribal Engagement Obligations. OTZ contacted all of the tribal administrators in within OTZ's service area by mailing out letters to each tribal administrator¹. These letters served to inform each tribal administrator of OTZ's responsibility to work with all tribal offices regarding a variety of topics. In addition, the letters mailed served to create a dialogue with tribal leaders, and to identify OTZ Board Members and OTZ employees who are available for any questions or concerns.

Included with the letters sent to tribal administrators were questionnaires². These questionnaires specifically covered the following: (i) A needs assessment and deployment planning with a focus on Tribal community institutions anchor; (ii) Feasibility and sustainability planning; (iii) Marketing services in a culturally sensitive manner; (iv) Rights of way processes, land use permitting, facilities siting, environmental and cultural preservation review processes; and (v) Compliance with Tribal business and licensing requirements.

¹ See Tribal Administrators Letter dated August 19, 2016, attached as Exhibit A.

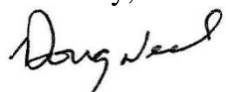
² See Tribal Engagement Questionnaire, attached as Exhibit B.

³ See Tribal Engagement Questionnaire responses received, attached as Exhibit C.

In addition several OTZ technicians travel to the villages throughout the year. During these visits technicians will make contact with tribal leaders to ensure a dialogue has been opened, and that any questions or concerns are addressed. Lastly, members of the Board of Directors represent each village served, and offer a direct communication link between tribal leadership and OTZ.

Accordingly, OTZ hereby certifies that it has satisfied its Tribal Engagement obligations pursuant to 47 C.F.R. §54.313(a)(9).

Sincerely,

A handwritten signature in black ink, appearing to read "Doug Neal", written in a cursive style.

Douglas A. Neal
Chief Executive Officer

¹ See Tribal Administrators Letter dated August 19, 2016, attached as Exhibit A.

² See Tribal Engagement Questionnaire, attached as Exhibit B.

³ See Tribal Engagement Questionnaire responses received, attached as Exhibit C.

EXHIBIT A

Tribal Administrators Letter



OTZ TELEPHONE COOPERATIVE, INC.

346A Tundra Way
P.O. BOX 324
KOTZEBUE, ALASKA 99752
(907) 442-3114
(907) 442-2123 Fax
(800)478-3111 Toll Free

August 19, 2016

Dear Tribal Administrator:

In order to continue to receive continued universal service fund support, on an annual basis, the Federal Communications Commission requires that all telecommunications companies document that they have engaged tribal governments on a broad list of topics. Recently, the Federal Communications Commission approved the Alaska Infrastructure Fund plan which will provide OTZ with sufficient federal financial support to buildout its cellular network throughout the villages and do a significant number of upgrades throughout the region as well. The Alaska Infrastructure Plan will provide funding for 10 years of landline support and 5 years of wireless support. This was really welcome news to us and we are really appreciative that the FCC recognized that providing telecommunications services in rural Alaska really is different than anywhere else in the country.

With this guaranteed funding, we are excited about the future. Our commitment to you is that we will do our very best to meet your needs and to serve your community. OTZ Telephone Cooperative and OTZ Telecommunications remain committed to the relationship we've built over the years. To meet our regulatory requirements, we are completing a more formal process to solicit your advice. Attached to this letter, please find a questionnaire which will assist us with identifying areas where we may be of assistance to you. Please complete it and return it to us at your convenience, and in advance, thank you so much for taking the time to complete it. The questionnaire covers the following topics:

1. A needs assessment and deployment planning with a focus on tribal community anchor institutions.
2. Feasibility and sustainability planning.
3. Marketing services in a culturally sensitive manner.
4. Rights of way processes, land use permitting, facilities siting, and environmental and cultural preservation review processes.
5. Compliance with Tribal business and licensing requirements.

We welcome any questions you may have and would like to discuss how OTZ Telephone Cooperative and OTZ Telecommunications can best serve the needs of our community. Please direct any questions

regarding telecommunications issues or any of the items listed above to me or one of the Board members representing you on the Board of Directors. Board members are listed below:

Marie N. Greene – Kotzebue
Chester L. Ballot – Kotzebue
Charlie R. Gregg – Kotzebue
Larry D. Jones – Noatak and Kivalina
Jane Cleveland – Ambler, Kobuk and Shungnak
Gordon Newlin – Kiana, Noorvik and Selawik
Eunice Hadley – Buckland and Deering

We have technicians who work for us part-time who live in most of our villages and we also have technicians who frequently travel to the villages. Please don't hesitate to raise an issue with a technician and they will relay it us. Our goal is to make it as easy as possible to bring your needs to us. My direct line is 907-442-1000 so please don't hesitate to call if you have any questions or concerns.

Sincerely,

Doug Neal
Chief Executive Officer

EXHIBIT B

Tribal Engagement Questionnaire

Tribal Government Questionnaire

Village _____

Individual Completing Report _____

Date _____

Needs Assessment and Deployment Planning

1. How can OTZ better assist you with your telecommunications needs?
2. Are there community or anchor institutions in your community that have yet to receive telecommunications services?
3. Are there tribally driven economic development projects where OTZ and your organization could potentially work together to provide a new telecommunications service to your village?

Feasibility and Sustainability Planning

1. What are the challenges to providing new telecommunications services to your village?

Marketing Services in a culturally Sensitive Manner

1. Regarding marketing materials, are there ways that OTZ could market its services in a more culturally sensitive manner?

Rights of Way Processes, Land Use Permitting, Facilities Siting, Environmental and Cultural and Preservation Review Processes

OTZ is already required to adhere to strict regulations regarding environmental and cultural preservation. We are also required to make certain that we build our plant in the right-of-ways as designated by the village, and follow a host of other state and federal regulations as well.

1. Are there any additional tribal regulations or review processes that OTZ should be aware of for your village?

Compliance with Tribal and Licensing Requirements

To provide telecommunications services, OTZ has in place a long list of federal and state licenses.

1. To provide telecommunications services in your village, are there any additional licensing requirements that OTZ is not aware of that we should have in place?

EXHIBIT C

Tribal Engagement Questionnaire Responses

Rec'd on
10-04-2016

Tribal Government Questionnaire

Person Contacted/title _____

Date 9/27/16

OTZ Representative _____

Needs Assessment and Deployment Planning

1. How can OTZ better assist you with your telecommunications needs?

2. Are there community or anchor institutions in your community that have yet to receive telecommunications services?

3. Are there tribally driven economic development projects where OTZ and your organization could potentially work together to provide a new telecommunications service to your village?

Feasibility and Sustainability Planning

1. What would the challenges be to providing new telecommunications services to your village?

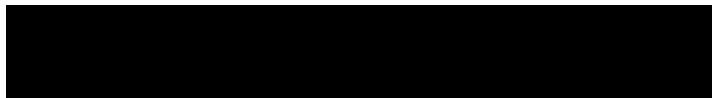
Marketing Services in a culturally Sensitive Manner

1. Regarding marketing materials, are there ways that OTZ market its services in a more culturally sensitive manner?

Rights of Way Processes, Land Use Permitting, Facilities Siting, Environmental and Cultural and Preservation Review Processes

OTZ is already required to adhere to strict regulations regarding environmental and cultural preservation. We are also required to make certain that we build our plant in the right-of-ways as designated by the village, and follow a host of other state and federal regulations as well.

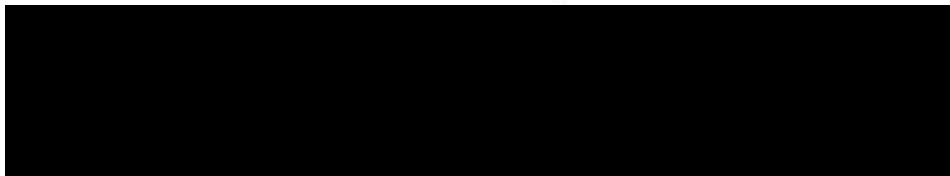
1. Are there any additional tribal regulations or review processes that OTZ should be away for your village?



Compliance with Tribal and Licensing Requirements

1. To provide telecommunications services, OTZ has in place a long list of federal and state licenses.

To provide telecommunications services in your village, are there any additional licensing requirements that OTZ is not aware of that we should have in place?



Tribal Government Questionnaire

Person Contacted/title [REDACTED]

Date

08/29/14

OTZ Representative [REDACTED]

Needs Assessment and Deployment Planning

1. How can OTZ better assist you with your telecommunications needs?

[REDACTED]

2. Are there community or anchor institutions in your community that have yet to receive telecommunications services?

[REDACTED]

3. Are there tribally driven economic development projects where OTZ and your organization could potentially work together to provide a new telecommunications service to your village?

[REDACTED]

Feasibility and Sustainability Planning

1. What would the challenges be to providing new telecommunications services to your village?

Marketing Services in a culturally Sensitive Manner

1. Regarding marketing materials, are there ways that OTZ market its services in a more culturally sensitive manner?

[REDACTED]

Rights of Way Processes, Land Use Permitting, Facilities Siting, Environmental and Cultural and Preservation Review Processes

OTZ is already required to adhere to strict regulations regarding environmental and cultural preservation. We are also required to make certain that we build our plant in the right-of-ways as designated by the village, and follow a host of other state and federal regulations as well.

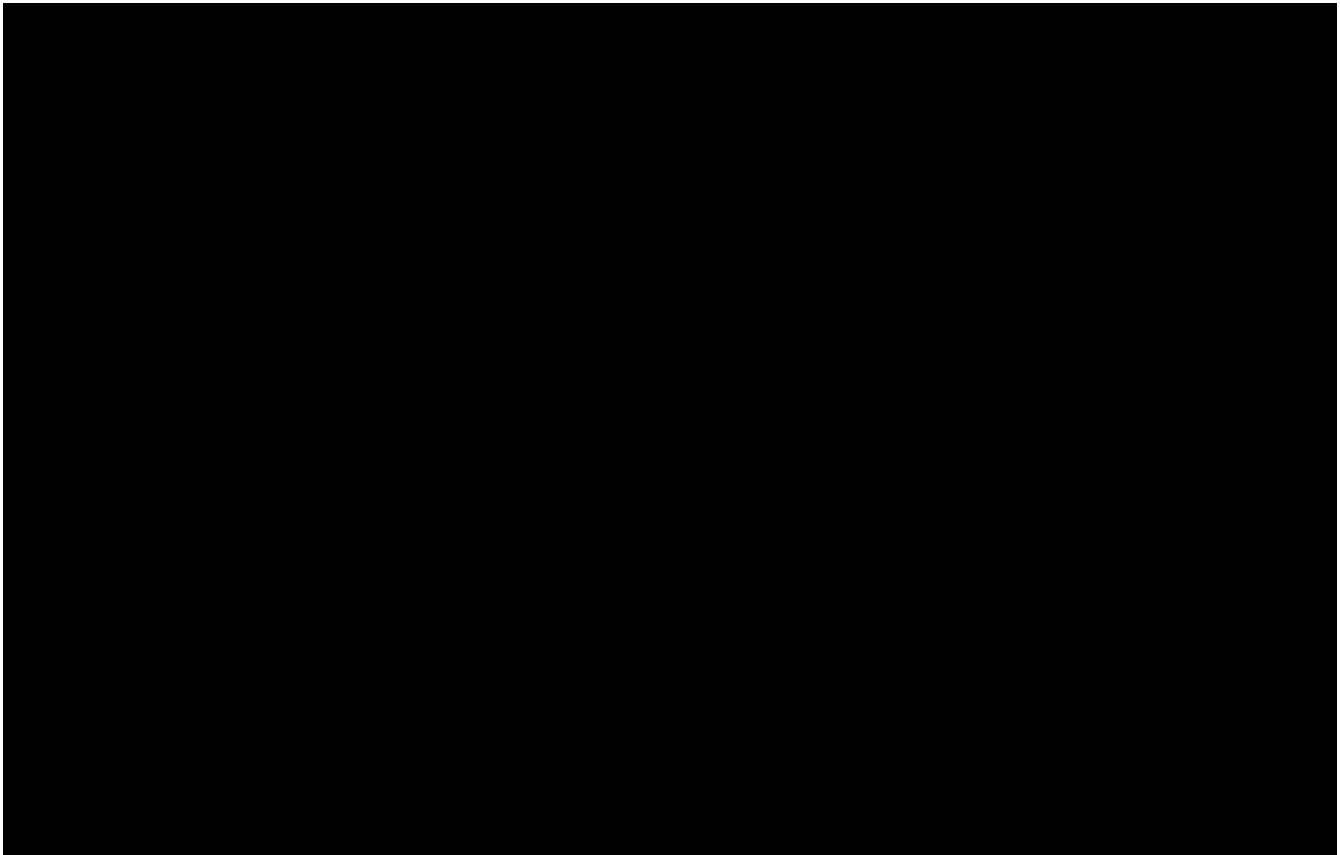
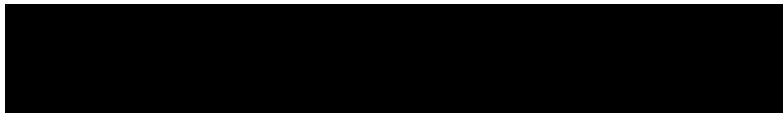
1. Are there any additional tribal regulations or review processes that OTZ should be away for your village?



Compliance with Tribal and Licensing Requirements

1. To provide telecommunications services, OTZ has in place a long list of federal and state licenses.

To provide telecommunications services in your village, are there any additional licensing requirements that OTZ is not aware of that we should have in place?



Recd 03/28/2017

Tribal Government Questionnaire

Person Contacted/title [REDACTED]

Date 3/20/17

OTZ Representative [REDACTED]

Needs Assessment and Deployment Planning

1. How can OTZ better assist you with your telecommunications needs?

[REDACTED]

2. Are there community or anchor institutions in your community that have yet to receive telecommunications services?

[REDACTED]

3. Are there tribally driven economic development projects where OTZ and your organization could potentially work together to provide a new telecommunications service to your village?

[REDACTED]

Feasibility and Sustainability Planning

1. What would the challenges be to providing new telecommunications services to your village?

[REDACTED]

Marketing Services in a culturally Sensitive Manner

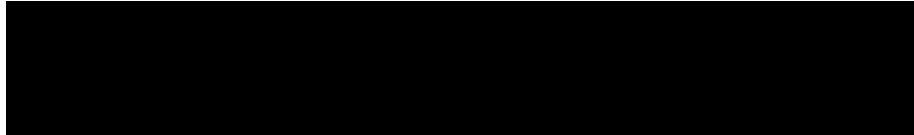
1. Regarding marketing materials, are there ways that OTZ market its services in a more culturally sensitive manner?

[REDACTED]

Rights of Way Processes, Land Use Permitting, Facilities Siting, Environmental and Cultural and Preservation Review Processes

OTZ is already required to adhere to strict regulations regarding environmental and cultural preservation. We are also required to make certain that we build our plant in the right-of-ways as designated by the village, and follow a host of other state and federal regulations as well.

1. Are there any additional tribal regulations or review processes that OTZ should be aware of for your village?



Compliance with Tribal and Licensing Requirements

1. To provide telecommunications services, OTZ has in place a long list of federal and state licenses.



To provide telecommunications services in your village, are there any additional licensing requirements that OTZ is not aware of that we should have in place?

Tribal Government Questionnaire

Person Contacted/title _____

Date 14 May 2017

OTZ Representative _____

Needs Assessment and Deployment Planning

1. How can OTZ better assist you with your telecommunications needs?

2. Are there community or anchor institutions in your community that have yet to receive telecommunications services?

3. Are there tribally driven economic development projects where OTZ and your organization could potentially work together to provide a new telecommunications service to your village?

Feasibility and Sustainability Planning

1. What would the challenges be to providing new telecommunications services to your village?

Marketing Services in a culturally Sensitive Manner

1. Regarding marketing materials, are there ways that OTZ market its services in a more culturally sensitive manner?

Rights of Way Processes, Land Use Permitting, Facilities Siting, Environmental and Cultural and Preservation Review Processes

OTZ is already required to adhere to strict regulations regarding environmental and cultural preservation. We are also required to make certain that we build our plant in the right-of-ways as designated by the village, and follow a host of other state and federal regulations as well.

1. Are there any additional tribal regulations or review processes that OTZ should be aware of for your village? [REDACTED]

Compliance with Tribal and Licensing Requirements

1. To provide telecommunications services, OTZ has in place a long list of federal and state licenses.

To provide telecommunications services in your village, are there any additional licensing requirements that OTZ is not aware of that we should have in place? [REDACTED]

Sheet No. 527

Sheet No. _____

RECEIVED

JAN 11 2006

**State of Alaska
Regulatory Commission of Alaska**

OTZ TELEPHONE COOPERATIVE, INC.

RATE SCHEDULES

RESIDENTIAL EXCHANGE ACCESS SERVICE

A. Applicability

The rates and terms specified herein apply to residential customers where facilities and conditions permit within the local exchange areas as defined on the maps filed as part of this tariff.

The monthly recurring charges for this service are in addition to all other applicable rates and charges filed in this tariff.

B. Rates

**Monthly
Recurring
Charge**

Each Access Line

\$16.55

Pursuant to:
U-03-85 (11)
& U-03-85 (12)

Tariff Advice No. 41-83

Effective: February 9, 2006

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: _____ **REDACTED -- FOR PUBLIC INSPECTION**
Doug Neal

Title: Chief Executive Officer Page 49
06/28/2017



OTZ TELEPHONE COOPERATIVE, INC.

P.O. BOX 324
KOTZEBUE, ALASKA 99752
(907) 442-3114
FAX (907) 442-2123
1-800-478-3111

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20544

Re: WC Docket Nos. 10-90 and 11-42, Annual 47 C.F.R. § 54.422(a)(2) Certification via Form 481, Line No. 1210

Dear Ms. Dortch:

Please accept this letter as certification that **OTZ Telephone Cooperative, Inc.** offers Lifeline services as set forth in 47 C.F.R. §54.422(a)(2). The following information describes the terms and conditions of all voice telephony service plans offered to Lifeline subscribers.

For its Wireline Lifeline service, **OTZ Telephone Cooperative, Inc.** charges subscribers \$0.00 per month. This amount includes all federally mandated charges and access fees. Subscribers receive unlimited local minutes per month. In order to add long distance service, a deposit of \$90.00 is required.

To qualify, a subscriber must fill out an application and certify that they meet the federal guidelines; copy of the application/certification is included on the following pages.

Sincerely,

Douglas A. Neal
Chief Executive Officer



OTZ & OTZT
P.O. Box 324
Kotzebue, AK 99752
Ph: 907 442 3114
Fx: 907 442 2123
Toll Free: 800 478 3111
www.otz.net



CERTIFICATION FOR LIFELINE SERVICE

PROGRAM RULES: Lifeline is a federal benefit and willfully making false statements to obtain the benefit can result in fines, imprisonment, de-enrollment or being barred from the program. OTZ & OTZT are required by the Federal Communications Commission, or FCC, to verify your eligibility to participate in the Lifeline program.

Under penalty of perjury you must certify, acknowledge, and agree that the following statements in red are true to the best of your knowledge. Indicate your acknowledgement of each statement with a checkmark.

Only one Lifeline discount is allowed per household, consisting of either telephone or cell service. A household is not permitted to receive Lifeline benefits from multiple providers. Violation of the one-per-household requirement constitutes a violation of FCC rules and will result in your de-enrollment from the program, and potentially, criminal prosecution. A household is any individual or group of individuals who live together at the same address and share income and expenses.

- ☐ **I CERTIFY MY HOUSEHOLD WILL RECEIVE ONLY ONE LIFELINE SERVICE AND, TO THE BEST OF MY KNOWLEDGE, MY HOUSHOLD IS NOT ALREADY RECEIVING LIFELINE SERVICE.**

APPLICANT INFORMATION

Last Name	First Name	Middle	Billing Phone Number
-----------	------------	--------	----------------------

Street Address (not a P.O. Box)	City	State	Zip Code
---------------------------------	------	-------	----------

The address listed above is ☐ Permanent OR ☐ Temporary

Social Security Number (last 4 digits)

Date of Birth (mm/dd/yyyy)

BILLING ADDRESS

Street Address	City	State	Zip Code
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ELIGIBILITY REQUIREMENTS

You will be required to demonstrate eligibility based on (1) Participation in one of the assistance programs listed below; OR (2) Household income at or below 135% of Federal Poverty guidelines for your household size.

- ☐ **I CERTIFY UNDER PENALTY OF PERJURY THAT I OR A MEMBER OF MY HOUSEHOLD MEETS THE INCOME-BASED OR PROGRAM BASED ELIGIBILITY CRITERIA FOR RECEIVING THE LIFELINE DISCOUNT.**

Indicate by checkmark the program for which you are providing a document demonstrating your current program:

U.S. Federal Assistance Programs

- | | |
|---|---|
| <input type="radio"/> Medicaid | <input type="radio"/> Bureau of Indian Affairs General Assistance |
| <input type="radio"/> SNAP (Food Stamps) | <input type="radio"/> Veterans and Survivors Pension Benefits |
| <input type="radio"/> Supplemental Security Income (SSI) | <input type="radio"/> Senior Citizen Housing Development Fund |
| <input type="radio"/> Federal Public Housing Assistance | <input type="radio"/> Tribal-Administered Temporary Assistance for Needy Families |
| <input type="radio"/> Head Start Programs (only those meeting it's income qualifying standards) | <input type="radio"/> Food Distribution Program on Indian Reservations (FDPIR) |

- ☐ **I AGREE TO ATTACH A COPY OF A STATEMENT OF BENEFITS (CURRENT OR PRIOR YEAR) OR LETTER OF PARTICIPATION OR PARTICIPATION DOCUMENT (BENEFIT CARD) OR OFFICIAL DOCUMENT SHOWING PARTICIPATION IN STATE, FEDERAL OR TRIBAL PROGRAM. OTZ WILL NOT RETAIN DOCUMENT.**

ELIGIBILITY REQUIREMENTS

If you do not qualify for Lifeline based on the assistance programs listed on page one, then the following chart can be used to determine eligibility for Lifeline based solely on income. You may qualify if your household annual income is at or below 135% of the Federal Poverty Guidelines. A household is any individual or group of individuals who live together at the same address and share income and expenses. If the income amount for your household size is more than the amount shown on the chart below you do not qualify for Lifeline discount based solely on income.

Federal Poverty Guidelines - 135%									
Household Size	1	2	3	4	5	6	7	8	More than 8
Alaska	\$20,034	\$27,027	\$34,020	\$41,013	\$48,006	\$54,972	\$61,992	\$69,012	Add \$7,020 for each

- ☐ **I CERTIFY THAT MY TOTAL HOUSEHOLD INCOME IS AT OR BELOW THE 135% OF THE FEDERAL POVERTY GUIDELINES AND I ALSO CERTIFY THAT THIS IS HOW MANY PEOPLE LIVE IN MY HOUSEHOLD (required): _____**

If your household qualifies based on the above income chart, attach a copy of the following applicable documents. If you provide documentation that does not cover a full year (such as a current paycheck stub), you must submit three (3) consecutive months of the same type of document from the previous 12 months.

- Prior year's state, federal or Tribal tax return
- Current income statement from an employer or paycheck stub
- Social Security statement of benefits
- Veteran's Administration statement of benefits
- Retirement/Pension statement of benefits
- Unemployment/Workmen's Compensation statement of benefits
- Federal/Tribal notice letter of participation in General Assistance
- Divorce decree
- Child support award
- Other official document containing income information

ACKNOWLEDGEMENT & CONSENT

Your name, phone number, address, and information contained in the application, as well as information associated with your Lifeline service may be provided to the Universal Service Administration Company, or USAC, in order to verify your household does not receive more than one Lifeline benefit. You will be denied Lifeline benefits if you fail to provide OTZ with consent to provide the specified information to USAC.

- ☐ **I ACKNOWLEDGE AND CONSENT THAT OTZ PROVIDE MY INFORMATION TO USAC AS MENTIONED ABOVE.**
- ☐ **I AGREE TO ALLOW OTZ TO EXCHANGE MY INFORMATION WITH FEDERAL OR STATE AGENCIES TO VERIFY MY ELIGIBILITY TO PARTICIPATE IN THE LIFELINE PROGRAM.**
- ☐ **I AGREE NOT TO TRANSFER MY LIFELINE BENEFITS TO ANOTHER PERSON.**
- ☐ **I AGREE TO PROVIDE A NEW ADDRESS TO OTZ WITHIN 30 DAYS IF I MOVE TO A NEW ADDRESS.**
- ☐ **I AGREE TO NOTIFY OTZ WITHIN 30 DAYS IF, FOR ANY REASON, I OR MY HOUSEHOLD:**
- **NO LONGER RECEIVE BENEFITS FROM FEDERAL OR STATE PROGRAMS THAT QUALIFY ME FOR LIFELINE.**
 - **IF MY ANNUAL HOUSEHOLD INCOME EXCEEDS THE FEDERAL POVERTY GUIDELINES AMOUNT LISTED ABOVE THAT QUALIFIED ME FOR THE LIFELINE PROGRAM.**
 - **RECEIVES MORE THAN ONE LIFELINE BENEFIT OR ANOTHER MEMBER OF MY HOUSEHOLD IS RECEIVING LIFELINE SERVICE.**
- ☐ **I ACKNOWLEDGE THAT I MAY BE REQUIRED TO RE-CERTIFY MY CONTINUED ELIGIBILITY FOR LIFELINE AND MY FAILURE TO RE-CERTIFY WILL RESULT IN DE-ENROLLMENT AND TERMINATION OF MY LIFELINE BENEFITS.**
- ☐ **I ACKNOWLEDGE THAT PROVIDING FALSE OR FRAUDULENT INFORMATION TO RECEIVE LIFELINE BENEFITS IS PUNISHABLE BY LAW.**
- ☐ **THE INFORMATION CONTAINED IN THIS APPLICATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE.**

Billing Name Signature

Date

Print Beneficiary Name

Insertion Order

Alaska Media, LLC

Phone: (907)770-0820

Fax: (907)770-0822

Email: ads@reportalaska.com



Publication:



The Arctic Sounder

(Published every Thursday)



The Bristol Bay Times & The Dutch Harbor Fisherman

(Published every Thursday)

Account Information

Advertiser: OTZ

Contact: Ann Sieh

Address: PO BOX 324

City/State: Kotzebue, AK 99752

Phone: 907-442-1008

Email: asieh@otz.net

Size

☐ Full Page

☐ Half Page

☐ Quarter Page

☐ Eighth Page

☒ Other: 3 column x 7 inches

☐ Classified: _____ words

Insertion Dates

1/14				

REDACTED - FOR PUBLIC INSPECTION

Special Instructions

We serve the north logo

Rate

Basic Rates: \$ 546.00/per issue

Color: \$ _____

Discount(%): \$ _____

Discount Reason: _____

Add'l Discount(%): \$ _____

Add'l Discount Reason: _____

Affidavit(s): # 1 \$ 15.50

Subtotal: \$ 546.00/per issue

Agency(15%): \$ _____

Net: \$ 561.50/per issue

Total All Issues: \$ 561.50/1 issue

Account Representative: Tanny Walker

Please Print Name: _____

Authorization: _____

(I personally guarantee this contract.)

Title: _____ Date: _____

Should the advertiser cancel the agreement before the completion date, advertiser will be invoiced for all frequency and contract discounts given prior to the cancellation of the agreement.

Insertion Order

Alaska Media, LLC
Phone: (907)770-0820
Fax: (907)770-0822
Email: ads@reportalaska.com



Publication:

☒ **The Arctic Sounder**
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Size

☐ Full Page ☐ Half Page
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REDACTED - FOR PUBLIC INSPECTION

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Please Print Name: _____

Authorization: _____
(I personally guarantee this contract.)

Title: _____ Date: _____

Should the advertiser cancel the agreement before the completion date, advertiser will be invoiced for all frequency and contract discounts given prior to the cancellation of the agreement.

Want cell service for just \$1 per month?!

Got ya covered.

OTZ offers "Lifeline" cellular service rates to low-income residential customers — for just \$1 per month!

- Unlimited local calling.
- Unlimited text messaging.
- Hearing aid compatible phones available.
- One-time activation fee — only \$17.50.
- Monthly service fee — just \$1!

For more information:
Call 442-2411
Email otzld@otz.net
Or visit 324A Tundra Way.



www.otz.net





www.otz.net

Pursuant to the Telecommunications Act of 1996 and in accordance with the FCC Rule 54.401 (d) (2), OTZ Telephone Cooperative, Inc. (OTZ) herein provides the following information regarding its universal services offerings:

- OTZ offers single line local service on a flat rate basis (unlimited local calling) at a rate of \$16.55 per month for Residential Service and \$24.50 per month for Business Service.
- Local emergency service may be reached by dialing "911".
- Long distance, operator service and directory assistance are available through interexchange carriers. Rates for these services can be obtained by contacting the various long distance providers in your area.
- OTZ offers toll restriction services at the Customer's request.
- OTZ offers to qualifying low income residential customers Lifeline and Linkup programs. Services are at the following rates:
 - Residential single-line service \$0.00
 - Toll restriction service is offered without a charge.
 - Lifeline customers who voluntarily elect toll restrictions will not be required to pay a deposit.
 - Installation charges are at reduced rates.

Further information regarding these and other services provided by OTZ are available by calling our offices at (907) 442-3114 or by visiting our offices located at 346A Tundra Way, Kotzebue, AK 99752.



Pursuant to the Telecommunications Act of 1996 and in accordance with the FCC Rule 54.401 (d) (2), OTZ Telephone Cooperative, Inc. (OTZ) herein provides the following information regarding its universal services offerings:

- OTZ offers single line local service on a flat rate basis (unlimited local calling) at a rate of \$16.55 per month for Residential Service and \$24.50 per month for Business Service.
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 - Residential single-line service \$0.00
 - Toll restriction service is offered without a charge.
 - Lifeline customers who voluntarily elect toll restrictions will not be required to pay a deposit.
 - Installation charges are at reduced rates.

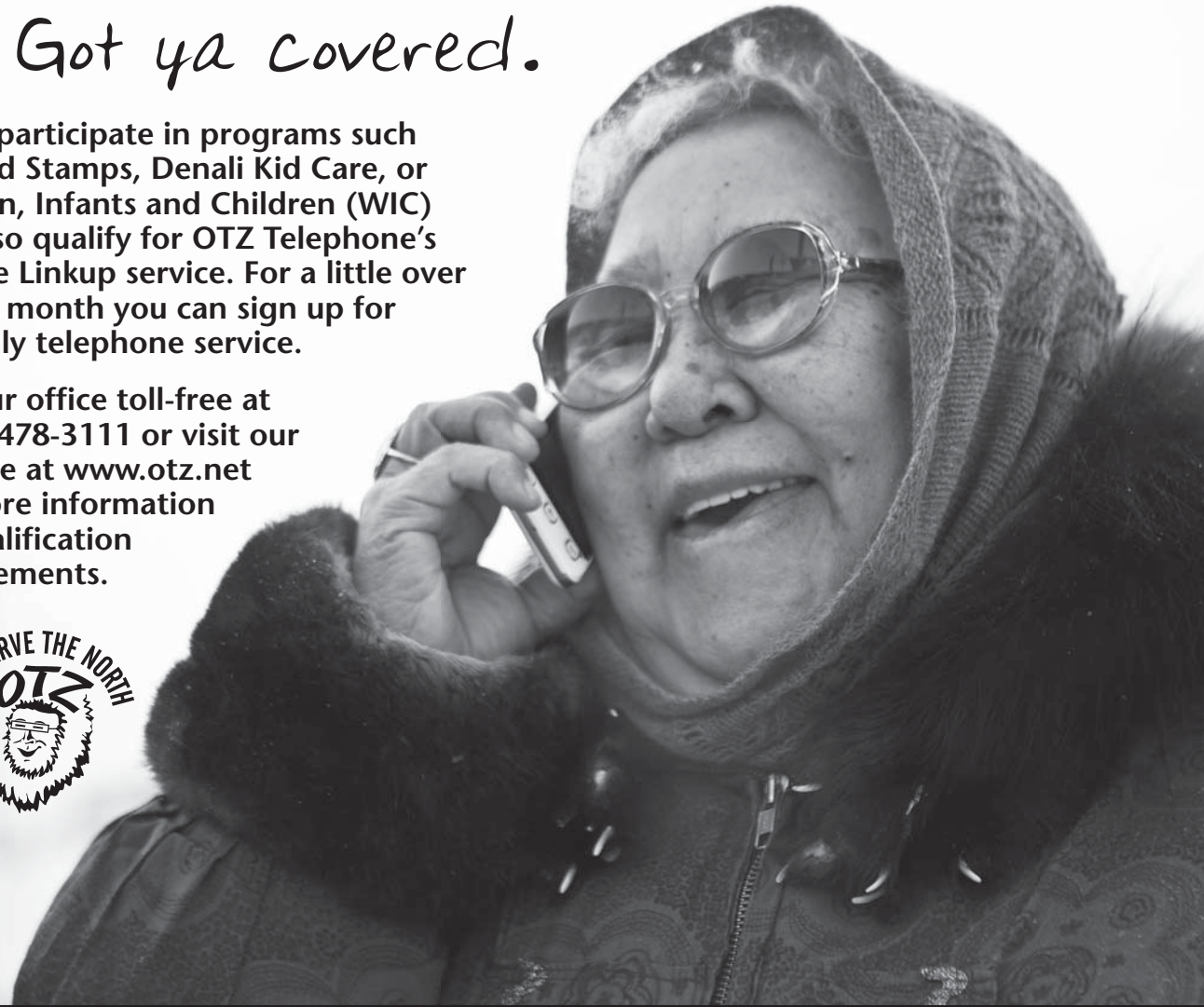
Further information regarding these and other services provided by OTZ are available by calling our offices at (907) 442-3114 or by visiting our offices located at 346A Tundra Way, Kotzebue, AK 99752.

Need a lifeline?

Got ya covered.

If you participate in programs such as Food Stamps, Denali Kid Care, or Woman, Infants and Children (WIC) you also qualify for OTZ Telephone's Lifeline Linkup service. For a little over \$1 per month you can sign up for monthly telephone service.

Call our office toll-free at 1-800-478-3111 or visit our website at www.otz.net for more information on qualification requirements.



RCA No. 83 Original Sheet No. 345

Cancelling _____ Sheet No. _____

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OCT 29 2004

State of Alaska
Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE

A. General

Enhanced Lifeline support is an additional level of lifeline support beyond the amount previously provided by basic lifeline service. It is available only to qualifying low-income customers residing on Tribal Lands beginning October 1, 2000. Tribal Lands are defined as reservations or near reservations as those terms are defined in Subpart A of the regulations promulgated by the US Department of the Interior's Bureau of Indian Affairs (BIA). Tribal Lands include any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act (85 Stat. 688) which is defined in or established pursuant to the Alaska Government for the special programs and services provided by the Secretary of the Interior to Indians because of their status as Indians. All of Alaska has been determined to be Tribal Lands by the Regulatory Commission of Alaska.

Pursuant to:
U-03-85 (11)
& U-03-85 (12)

Tariff Advice No. 41-83

Effective: February 9, 2006

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: _____
Doug Neal

REDACTED -- FOR PUBLIC INSPECTION

Title: Chief Executive Officer
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Page 59

06/28/2017

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE

A. General (Continued)

1. Enhanced Lifeline is a reduction in the local voice or broadband service charges normally paid by qualifying low-income customers residing on Tribal Lands. These reductions are from the Residential Exchange Access Service or broadband service subscribed to by the customer and includes both Federal and State reductions. A qualifying customer may apply the reduction to either voice or broadband service.
2. The following services are included with voice service:
 - a. Single party, voice grade access to public switched network;
 - b. Access to emergency services;
 - c. Access to operator services;
 - d. Access to interexchange services, unless toll blocking is chosen;
 - e. Access to directory assistance; and,
 - f. Toll blocking, if requested.

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Tariff Advice No. 63-83

Effective: December 2, 2016

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: Doug Neal Title: Chief Executive Officer

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Page 60
06/28/2017

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OCT 17 2016

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE

B. Regulations

To qualify for Enhanced Lifeline, a customer must meet the criteria under either 1, the Program Based Criteria or 2, the Income Based Criteria below.

1. Program Based Criteria: In order to qualify for Enhanced Lifeline service under the program based criteria, an applicant must meet the requirements of a and b below:

- a. The customer must participate in one of the following programs:

- | | |
|--|-----|
| (1) Medicaid | |
| (2) Supplemental nutrition Assistance Program | T |
| (3) Supplemental Security Income (SSI) | |
| (4) Federal Public Housing Assistance | |
| (5) Veterans and Survivors Pension Benefits | D N |
| (6) Bureau of Indian Affairs General Assistance | |
| (7) Tribally-Administered Temporary Assistance for Needy Families | |
| (8) Head Start Programs (Only those meeting its income qualifying standard.) | |
| (9) Food Distribution Program on Indian Reservations | D N |
| (10) | D |
| (11) | D |

D-Deleted Low Income Home Energy Assistance, National School Lunch Program, Alaska Temporary Assistance Program, Alaska Adult Public Assistance Program

Tariff Advice No. 63-83

Effective: December 2, 2016

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: Doug Neal

Title: Chief Executive Officer

RCA No. 83 First Revision _____ Sheet No. 347.1

Cancelling _____ Original _____ Sheet No. 347.1

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OCT 17 2016

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE

B. Regulations (Continued)

1. Program Based Criteria (Continued)

- a. The customer must participate in one of the following programs:

(12)
(13)
(14)
(15)
(16)
(17)
(18)
(19)
(20)

D
|
D

D-VA Disability Pension, Child Care Assistance Program-PASS I,II and III, Woman, Infants and Children Program (WIC), Alaska State Housing Corporation Programs: Public Housing, Interest Rate Reduction for Low income Borrowers, Home Investment Partnership Program (HOME) and Low Income Housing Tax Credit Program, Senior Citizen Housing Development Fund, State of Alaska Heating Assistance, Denali Kid Care, Senior Care

Tariff Advice No. 63-83

Effective: December 2, 2016

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: Doug Neal Title: Chief Executive Officer

RCA No. 83 Original Sheet No. 348

Cancelling Sheet No.

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JAN 11 2006

State of Alaska
Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE

B. Regulations (Continued)

1. Program Based Criteria (Continued)

b. The customer must sign, under penalty of perjury, a document certifying the following:

- (1) He/she is receiving benefits from one of the programs listed in subpart 1.a above.
- (2) Name of the program listed in subpart 1.a above from which he/she is receiving benefits.
- (3) That he/she will notify the Telephone Company if he/she no longer participates in the program named above.

Pursuant to:
U-03-85 (11)
& U-03-85 (12)

Tariff Advice No. 41-83

Effective:

February 9, 2006

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By:
Doug Neal

REDACTED -- FOR PUBLIC INSPECTION

Title: Chief Executive Officer

Page 63

0628/2006

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OCT 17 2016

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE

B. Regulations (Continued)

2. Income Based Criteria: A customer is eligible to participate in the Enhanced Lifeline program if the customer lives in a household with income at or below 135 percent of the applicable federal poverty guidelines for the State of Alaska, as established by the United States Department of Health and Human Services, except that for purposes of this section, where the term "family unit" appears in the federal poverty guidelines, "family unit" has the meaning given "household". "Household" is defined as all persons who occupy a housing unit, regardless of whether they are related to each other. "Income" is defined as gross income as defined under section 61 of the Internal Revenue Code, 26 USC §61, for all members of the household. This means all income actually received by all members of the household from whatever source derived, unless specifically excluded by the Internal Revenue Code, Part III of Title 26. 26 USC § 101, et. Seq.

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D N

D – Deleted previous definition of income

Tariff Advice No. 63-83

Effective: December 2, 2016

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: Doug Neal Title: Chief Executive Officer

RCA No. 83 Original Sheet No. 348.2

Cancelling Sheet No. _____

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State of Alaska
Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE

B. Regulations (Continued)

2. Income Based Criteria (Continued)

a. A customer qualifying under 2 of this section must:

- (1) Sign a document certifying under penalty of perjury the number of individuals in the customer's household and the customer's household income;
- (2) Agree to notify the Company when the customer's household income exceeds the 135 percent threshold; and
- (3) Provide documentation of income in the form of:
 - (a) A previous year's state or federal tax return;
 - (b) A current income statement from an employer or paycheck stub;
 - (c) A statement of benefits from the United States Social Security Administration;
 - (d) A statement of benefits from the United States Department of Veterans Affairs;
 - (e) A retirement or pension statement of benefits;
 - (f) An unemployment or workers compensation statement of benefits;
 - (g) A federal or tribal notice letter of participation in general assistance;
 - (h) A divorce decree or child support document; or
 - (i) Any other official document issued by a provider of income to document that income.

Pursuant to:
U-03-85 (11)
& U-03-85 (12)

Tariff Advice No. 41-83

Effective:

February 9, 2006

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

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By: _____
Doug Neal

Page 65
06/20/2017
Title: Chief Executive Officer

RCA No. 83 First Revision _____ Sheet No. 348.3

Cancelling _____ Original _____ Sheet No. 348.3

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STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE

B. Regulations (Continued)

2. Income Based Criteria (Continued)

- b. If the documentation provided under 2.a(3) of this section does not cover a full year, the documentation must cover at least three consecutive months in the current calendar year.
- c. The Company is required to retain the documentation of eligibility D N that the customer provides under 2.a(3) above.
- d. The Company shall retain a customer's self-certification document for as long as the customer receives Enhanced Lifeline service from the Company.

3. The residence premises at which the residential service is requested is the applicant's principal place of residence.

4. Enhanced Lifeline is available on the primary residential line only.

D-Delete condition that the Company is not required to retain documentation of eligibility.

Tariff Advice No. 63-83

Effective: December 2, 2016

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: Doug Neal Title: Chief Executive Officer

RCA No. 83 First Revision Sheet No. 348.4

Cancelling Original Sheet No. 348.4

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OCT 17 2016

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

ENHANCED LIFELINE SERVICE

B. Regulations (Continued)

5. The Company may not disconnect Enhanced Lifeline service or refuse to provide Enhanced Lifeline service to an eligible customer for non-payment of any of the following:

- a. Toll charges;
- b. Cable Television charges;
- c. Satellite Television charges;
- d. Charges for cellular telephone service, if those charges are for service other than lifeline service;
- e. Charges for services not subject to Commission regulation;
- f. Charges for a bundle of services if local service is part of the bundle.

6. If the consumer chooses "toll blocking" the Company will not charge a deposit for Enhanced Lifeline service.

7. If an Enhanced Lifeline customer makes a partial payment on a bill that includes both local service and non-local services, the Company shall apply the partial payment to local service first, unless the customer directs otherwise.

8. The Company shall annually recertify all Enhanced Lifeline customers to verify that those customers remain eligible for Enhanced Lifeline services pursuant to 1.b and 2.a of this section.

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C

Tariff Advice No. 63-83

Effective: December 2, 2016

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: Doug Neal Title: Chief Executive Officer

RCA No. 83 First Revision Sheet No. 349

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JUN 19 2012

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

EXPANDED LINK UP SERVICE

A. General

Link Up Service consists of a 100% reduction up to a maximum of \$100 for new service connection charges for qualifying residential customers who apply for residential service as outlined in the Rate Schedules contained in this tariff. C

Expanded Link Up Service is an additional level of support for initial connection charges beyond what is available as Link Up Service. It is available only to qualifying low-income customers residing on Tribal Lands. All of Alaska has been determined to be Tribal Lands by the Regulatory Commission of Alaska. The Expanded Link Up program provides a reduction to standard charges imposed on qualifying low-income individuals on Tribal Lands as a condition of initiating service, including both line extension and initial connection charges. Expanded Link Up Service provides for: D

- A 100% reduction, up to \$100 of a qualifying subscriber's initial connection charges. C
- Total maximum support amount of \$100 per qualifying low income subscriber. C

D = Deleted beginning October 1, 2000.

Tariff Advice No. 58-83

Effective: _____

JULY 1, 2012

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: _____
Doug Neal

Title: Chief Executive Officer

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Page 68
06/28/2017

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OCT 29 2004

State of Alaska
Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

EXPANDED LINK UP SERVICE

A. General (Continued)

The supported services under this section do not include charges assessed for facilities or equipment that fall on the customer's side of the demarcation point; i.e., customer premises equipment and inside wiring charges.

The customer may defer payment on up to \$200 of the above charges without interest for a period not to exceed one year. The deferred charges do not include any permissible security deposits required. Payments shall be equally paid over a twelve (12) month period. If any payments are delayed, interest shall accrue from that date forward.

Pursuant to:
U-03-85 (11)
& U-03-85 (12)

Tariff Advice No. 41-83

Effective: _____

February 9, 2006

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

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By: _____
Doug Neal

Title: Chief Executive Officer
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Page 69

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JAN 11 2006

State of Alaska
Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

EXPANDED LINK UP SERVICE

B. Regulations

1. To qualify for Expanded Link Up Service, a customer must participate in at least one of the programs under 1.a, or meet the income threshold as described under 2 of the Enhanced Lifeline regulations in this tariff.
2. A qualifying customer must follow the requirements listed under 1.b, or 2.a of the Enhanced Lifeline regulations in this tariff.

Pursuant to:
U-03-85 (11)
& U-03-85 (12)

Tariff Advice No. 41-83 Effective: _____

February 9, 2006

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

REDACTED -- FOR PUBLIC INSPECTION

By: _____
Doug Neal

Page 70
06/28/2017
Title: Chief Executive Officer

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State of Alaska
Regulatory Commission of Alaska

OTZ TELEPHONE COOPERATIVE, INC.

GENERAL EXCHANGE SERVICES

EXPANDED LINK UP SERVICE

B. Regulations (Continued)

3. The residence premises at which the residential service is requested is the applicant's principal place of residence.
4. Expanded Link Up Service is available on the primary residential line only.
5. Expanded Link Up Service assistance shall be provided a subsequent time only for a principal residence with a different address than the residence where Link Up Service was previously provided.

Pursuant to:
U-03-85 (11)
& U-03-85 (12)

Tariff Advice No. 41-83

Effective:

February 9, 2006

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

REDACTED -- FOR PUBLIC INSPECTION

By: _____
Doug Neal

Title: Chief Executive Officer
Page 71
96/28/2017

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JUN 19 2012

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

OTZ TELEPHONE COOPERATIVE, INC.

RATE SCHEDULES

ENHANCED LIFELINE SERVICE

A. Applicability

The rates and terms specified herein apply to all residential customers of the Telephone Company who apply for Residential Exchange Access Service and who meet the means test specified in this tariff.

The monthly recurring charges for this service are in addition to all other applicable rates and charges filed in this tariff.

B. Rates

	Monthly Recurring Charge	
Enhanced Lifeline Service	\$0.00	R

The reductions from the local residential service charges are from state and interstate universal service funds.

Tariff Advice No. 58-83 Effective: _____

JULY 1, 2012

Issued By: **OTZ TELEPHONE COOPERATIVE, INC.**

By: _____
Doug Neal

Title: Chief Executive Officer

REDACTED -- FOR PUBLIC INSPECTION

Page 72
06/28/2017



OTZ TELEPHONE COOPERATIVE, INC.

P.O. BOX 324
KOTZEBUE, ALASKA 99752
(907) 442-3114
FAX (907) 442-2123
1-800-478-3111

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20544

Re: Certification via Form 481, Line No. 3010A

Dear Ms. Dortch:

In compliance with the filing requirements associated with and attached to Form 481, OTZ submits certification to the Commission that it provides high speed internet to customers and that:

- OTZ takes reasonable steps to provide upon reasonable request broadband service at actual speeds of at least 10Mbps downstream/1 Mbps upstream.
- Reasonable requests for such service are met within a reasonable amount of time.
- OTZ provides broadband service with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to comparable offerings in urban areas and
- OTZ's service area is roughly the size of the state of Indiana and most of the exchanges are located north of the Arctic Circle, in an area in northwest Alaska encompassing 40,762 square miles. The service area consists of insular and isolated communities.
- OTZ continues to seek economically sound solutions to address the provisioning of required broadband speeds given the prohibitive costs of middle-mile facilities in Northwest Alaska. Due to the high costs associated with providing satellite connections, unlimited high-speed broadband cannot be provided to OTZ's customers at a reasonable economic rate.

If there are any questions, I may be reached at 907-442-1000.

Sincerely,

Douglas A. Neal
Chief Executive Officer

OTZ TELEPHONE COOPERATIVE, INC. and SUBSIDIARY

Consolidated Financial Statements with Supplemental
Information

Years Ended December 31, 2016 and 2015

OTZ TELEPHONE COOPERATIVE, INC.
and SUBSIDIARY

Consolidated Financial Statements with Supplemental Information

Years Ended December 31, 2016 and 2015

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY
Consolidated Financial Statements with Supplemental Information
Years Ended December 31, 2016 and 2015

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Tel: 907-278-8878
Fax: 907-278-5779
www.bdo.com

3601 C Street, Suite 600
Anchorage, AK 99503

Independent Auditor's Report

Board of Directors
OTZ Telephone Cooperative, Inc. and Subsidiary
Kotzebue, Alaska

We have audited the accompanying consolidated financial statements of OTZ Telephone Cooperative, Inc. and Subsidiary (the Cooperative), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of OTZ Telephone Cooperative, Inc. and Subsidiary as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental Information

The consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

Anchorage, Alaska
April 19, 2017

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OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Consolidated Balance Sheets

December 31, 2016 and 2015

ASSETS

2016

2015

Current Assets:

Cash and cash equivalents

Accounts receivable, less allowance for
doubtful accounts of zero

Materials and supplies

Income tax receivable

Prepaid expenses

Total Current Assets

Other Assets and Investments:

Other investments

Restricted cash

Total Other Assets and Investments

Property, Plant, and Equipment

In service

Under construction

Total Property, Plant, and Equipment

Less accumulated depreciation

Property, Plant, and Equipment, net

LIABILITIES AND MEMBERS' EQUITY

2016

2015

Current Liabilities:

Current portion of long-term debt

Accounts payable

Accrued expenses

Customer deposits

Deferred revenue

Advanced billing

Total Current Liabilities

Long-Term Debt, net of current portion

Deferred Credits

Unclaimed Capital Credits

Members' Equity:

Memberships

Patronage capital

Total Members' Equity

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY
Consolidated Statements of Operations
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenues:		
Local network		
Network access		
Billing and collection, directory, and other		
Equipment sales and leases		
Long distance		
Cellular		
Internet		
Total Operating Revenues		
Operating Expenses:		
Plant specific		
Plant nonspecific		
Depreciation		
Customer		
Corporate		
Operating taxes		
Equipment sales and leases		
Long distance		
Cellular		
Internet		
General and administrative		
Total Operating Expenses		
Operating Margin		
Other Income (Expense):		
Interest and dividend income		
Interest expense		
Allowance for funds used during construction		
Other losses, net		
Total Other Expense		
Net Margin		

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Consolidated Statements of Members' Equity

Years Ended December 31, 2016 and 2015

	<u>Memberships</u>	<u>Patronage Capital</u>	<u>Total</u>
Balance, December 31, 2014			
Net margin			
Net change in memberships			
Balance, December 31, 2015			
Net margin			
Net change in memberships			
Balance, December 31, 2016			

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Net margin		
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation		
Investment valuation and allocations		
Changes in operating assets and liabilities:		
Accounts receivable		
Materials and supplies		
Income tax receivable		
Prepaid income taxes		
Prepaid expenses		
Accounts payable		
Accrued expenses		
Customer deposits		
Deferred revenue		
Advanced billing		
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities:		
Capital expenditures		
Cash patronage received		
Net Cash Used by Investing Activities		
Cash Flows from Financing Activities:		
Proceeds from long-term debt		
Principal payments on long-term debt		
Decrease in memberships		
Net Cash Used by Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents		
Cash and Cash Equivalents, beginning		
Cash and Cash Equivalents, ending		
Cash Paid for Interest Net of Amounts Capitalized		

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

OTZ Telephone Cooperative, Inc. (the Cooperative) is an Alaska cooperative corporation providing telecommunications services within and around the city of Kotzebue, Alaska, including 10 villages and the Red Dog Mine, in a 44,000 square mile area of northwest Alaska.

OTZ Telecommunications, LLC (the Subsidiary), a wholly-owned subsidiary of the Cooperative, provides cellular and wireless telecommunications services, Internet access services, and long distance services in the same service area as the Cooperative.

All nonmanagement employees are members of the International Brotherhood of Electrical Workers (IBEW). The agreement between the Cooperative and IBEW expired December 31, 2010, but has been extended through December 31, 2016.

Basis of Consolidation

The consolidated financial statements include the accounts of the Cooperative and the Subsidiary. All material intercompany transactions and balances have been eliminated in the consolidation.

Regulations

The accounting records of the Cooperative conform to the Uniform System of Accounts prescribed by the Federal Communications Commission (FCC). As a result, the application of generally accepted accounting principles by the Cooperative differs in certain respects from the application by nonregulated entities. Such differences primarily relate to the time at which certain items enter into the determination of net margin.

The Cooperative is subject to rate regulation by the Regulatory Commission of Alaska (RCA).

The Cooperative and the Subsidiary are subject to limited regulation by the FCC and the RCA regarding the provision of telecommunication services.

Pending and future regulatory and legislative actions, including the FCC's National Broadband Plan and Report and Order and Further Notice of Proposed Rule Making, may have a significant impact on the future operations and financial condition of the Cooperative and the Subsidiary.

Estimates

The Cooperative uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the reporting period. These estimates involve judgments with respect to numerous factors that are beyond management's control. Actual results could differ from these estimates.

Fair Value of Financial Instruments

The Cooperative's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, receivables, accounts payable, and mortgage notes payable. The Cooperative estimates that the fair value of all of these non-derivative financial instruments at December 31, 2016 and 2015 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying consolidated balance sheets.

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

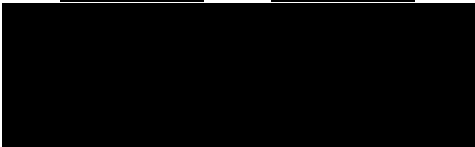
Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Cash and Cash Equivalents

Cash and cash equivalents consist of the following at December 31:

	2016	2015
Cash, on hand, in checking, and in sweep account		
Cash, money market		

The Cooperative considers all highly liquid cash investments purchased with an original maturity of 3 months or less to be cash equivalents. The Cooperative maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per bank.

The cash invested in money market funds is held in a brokerage account, which is not federally insured. The brokerage firm is a member of the Securities Investor Protection Corporation (SIPC).

At December 31, 2016 the Cooperative's total uninsured cash balance was \$514,135 (\$1,751,968 in 2015). The Cooperative has not experienced any losses in its bank deposit accounts and believes it is not exposed to any significant credit risk on cash.

The Cooperative has a restricted cash balance related to the nonqualified deferred compensation employee benefit plan (see Note 5).

Accounts Receivable

The Cooperative extends credit to its members and others. Receivables from subscribers are due 30 days after the issuance of the invoice. Receivables from other exchange carriers are typically outstanding from 30 to 60 days before payment is received. Delinquent accounts are written off to uncollectible expense when it is determined that the account will not be collected. Receivables past due more than 90 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. Past due status is determined based on how recently the payment has been received.

Materials and Supplies

Materials and supplies are stated at the lower of average cost or market. Cost is determined principally by the average cost method.

Property, Plant, and Equipment

Property, plant, and equipment are recorded at cost, including direct labor, materials, freight, and indirect overhead costs. Maintenance and repairs are charged to operations when incurred. Renewals and betterments are capitalized. The Cooperative provides for depreciation on a straight-line basis over the estimated useful lives of the classes of equipment, buildings, and plant in accordance with rates consistent with industry standards and approved by the RCA. Costs of regulated plant retired are eliminated from utility plant accounts and such costs plus removal expenses, less salvage, are charged to accumulated depreciation.

Upon retirement, sale, or other disposition of nonregulated property, plant, and equipment, the cost and related accumulated depreciation are removed from the accounts and the resulting gains or losses are included in operations.

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Allowance for Funds Used During Construction (AFUDC)

The Cooperative records as income and capitalizes as a cost of construction the cost of financing large construction projects spanning a period greater than 2 months. The Cooperative uses a weighted-average interest rate based on total long-term debt. In 2016, total interest incurred and expensed was \$300,107 (\$326,587 in 2015), of which \$34,000 was capitalized (\$11,000 in 2015).

Memberships

OTZ Telephone Cooperative, Inc. is a cooperative, of which most subscribers are members. A \$5 refundable membership is charged to each subscriber who becomes a member, which entitles the member to vote at the annual meeting.

Excise Tax Refunds

Refunds of federal communication excise taxes resulting from the Cooperative's status as a tax exempt Cooperative are recorded as a direct increase to members' patronage capital accounts.

Patronage Capital

Patronage capital consists of undistributed net margins allocated to individual members. The net margin of the Cooperative is allocated to its patrons in proportion to a patron's access minutes of use and other usage. Under the bylaws of the Cooperative, the distribution of such patronage capital to members of the Cooperative is at the discretion of the Board of Directors, and such distributions are also restricted under covenants of CoBank mortgage notes.

Local Service Charges

Revenues are recognized as service is rendered. Monthly service fees derived from basic and local service are billed in advance. Roaming and other usage sensitive revenues are based on a per-minute charge to end users and are billed in arrears.

The Cooperative recognizes revenue from sales of handsets, equipment, and accessories at the time of sale. Discounts provided to customers at the time of sale are recognized as a reduction in sales as the products are sold.

Network Access Revenue

Network access revenue is received under a system of access charges. Access charges represent a methodology by which local telephone companies, including the Cooperative, charge the long-distance carrier for access and interconnection to local facilities. The Cooperative has elected to file access tariffs through the National Exchange Carriers Association (NECA) and the Alaska Exchange Carriers Association (AECA) for these charges. These access tariffs are subject to approval by the FCC for interstate charges and the RCA for intrastate charges.

When network access revenues have been received pursuant to the settlement and access agreements above, they are then either placed into a common pooling arrangement with other exchange carriers for redistribution or kept by the Cooperative. The redistributions are made according to formulas established by the governing boards of the pools and are generally based on expenses incurred and investment maintained. The Cooperative participates in pooling arrangements with NECA and AECA.

Settlement, access, and pool distribution revenues are recorded when the amounts become determinable. Related expenses are recorded when incurred. Subsequent true-ups and retroactive adjustments, which are generally allowed for a period of 24 months after the close of the related calendar year, are recorded in the year in which such adjustments become determinable, based upon studies prepared by outside consultants.

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Network Access Revenue, continued

In addition to recoveries from the pools, the Cooperative also receives revenues from the Universal Service High Cost Loop Fund (HCL) administered by the Universal Service Administrative Company (USAC). In 2008, the Subsidiary was granted competitive eligible telecommunication carrier (CETC) status by the RCA, and is eligible to also receive support from USAC. These universal service support revenues are intended to compensate the Cooperative for the high cost of providing service in rural areas. The amount of support received from HCL is based on the number of customers served and the cost of providing service in that area being in excess of the national average cost per loop, as determined by the FCC. These support revenues are included in the network access revenues in the accompanying consolidated financial statements.

In 2016, the Cooperative and Subsidiary received \$6,243,051 (\$5,428,537 in 2015) from the USAC HCL, and \$707,368 (\$233,350 in 2015) in interstate access revenues administered through the NECA pool.

National Broadband Plan and FCC Order

In 2010 the FCC issued the National Broadband Plan which outlined a long-term plan to increase broadband penetration rates and services throughout the United States of America.

In 2011, as an initial response to the plan, the FCC approved Report and Order 11-161 (the Order), that began the process of reforming the universal service and Intercarrier Compensation (ICC) systems and adopts support for broadband-capable networks as an express universal service principle. The Order further created the Connect America Fund which will ultimately replace all existing high-cost support mechanisms and help facilitate ICC reforms.

The key provisions of the Order include capping the federal universal service fund (USF), placing limitations on capital and operating expenditures (subsequently eliminated in 2014 by an Order for Reconsideration issued by the FCC), establishing local rate benchmarks, capping monthly USF at \$250 per line, 5% annual reduction of local switching support to be replaced by the Connect America Fund (CAF) to recover costs of switching services, a 9 year transition from the previous ICC system to bill and keep, and adoption of the Access Recovery Charge (ARC) to mitigate impacts of reduced ICC revenues. Implementation began July 1, 2012.

In 2016, the FCC issued Order 16-33, which provided the option for a voluntary election by rate-of-return carriers to receive model-based support under the Alternative Connect America Cost Model (A-CAM), and Order 16-115, which adopted the Alaska Plan to address both fixed and mobile voice and broadband service in high-cost areas of the state of Alaska. Alaskan rate-of-return carriers have the option of receiving support pursuant to the Alaska Plan, electing to receive support calculated by A-CAM, or remaining on the reformed legacy rate-of-return support mechanisms. The Cooperative has elected to receive support pursuant to the Alaska Plan.

The Alaska Plan freezes support for rate-of-return carriers at 2011 levels for 10 years, beginning in 2017. Additionally, each (CETC) will receive frozen support at 2014 levels for 10 years. This will provide Alaskan carriers with the support and stability to maintain, extend and upgrade fixed and mobile voice and broadband services over the next 10 years. Each rate-of-return carrier has submitted an individualized performance plan with obligations to offer voice and broadband services meeting the service obligations at specified minimum speed by five-year and 10-year service milestones to a specified number of locations.

As a CETC, the Subsidiary will receive support pursuant to the Alaska Plan. Support levels adopted by the Alaska Plan will be maintained for the first five years of the term to spur 4G LTE deployment in remote Alaska, consistent with the carriers' performance commitments. In the fifth year the FCC will address the potential for duplicative support by evaluating whether there is any overlap in subsidized coverage, with the expectation of eliminating any such duplicative support during the second half of the Alaska Plan's 10-year term.

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Note 1 - Organization and Summary of Significant Accounting Policies, continued

National Broadband Plan and FCC Order, continued

The Cooperative continues to monitor various effects and requirements of the Orders noted above. As of December 31, 2016 the Cooperative meets the local rate benchmark requirements of the Order and is not subject to the \$250 per line support cap. Furthermore, for the period ended December 31, 2016 the impacts to the Cooperative related to the 5% annual decline in switched access revenues have not been significant.

The overall reform process will continue to take place in phases and will take several more years to implement. Furthermore, it is anticipated that the FCC will continue to issue Further Notices of Proposed Rulemaking and/or Orders for Reconsideration and continue to seek comments on various items. As a result, the ultimate outcome of these proceedings and their impact is uncertain at this time.

Income Taxes

The Cooperative has been granted an exemption from Federal income taxes, except for "unrelated" business income, under Section 501(c)(12) of the Internal Revenue Code. However, in any year for which greater than 15% of gross revenue is derived from nonmember services, the Cooperative becomes a taxable cooperative. The Cooperative was exempt from income taxes in 2016 and 2015.

The Cooperative is exempt from state income taxes, as a gross revenue tax on cooperatives overrides the filing of Alaska state income tax.

In years when the Cooperative is taxable, federal taxes payable by taxable cooperatives are computed differently from taxes payable by other corporations, primarily because cooperatives are allowed to deduct margins allocated or paid to patrons within 8 1/2 months after the end of each taxable year.

The Subsidiary is a single-member limited liability company (SMLLC) and files a combined income tax return with the Parent. Single-member LLCs are disregarded entities for federal and Alaska income tax purposes and the SMLLC's earnings and losses are combined and reported together with their parent's returns.

The Cooperative follows the accounting standard for uncertain tax positions. This accounting standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be substantiated under examination. The Cooperative recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the consolidated financial statements related to uncertain tax positions.

The Cooperative files income tax returns in the United States and various state and local jurisdictions.

Subsequent Events

The Cooperative has evaluated subsequent events through April 19, 2017, which is the date the consolidated financial statements were available to be issued.

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Note 2 - Other Investments

Other investments consist of the following at December 31:

	2016	2015
ARECA Insurance Exchange, equity allocations		
CoBank, equity allocations		
Alaska Village Electric Cooperative, patronage		
Kotzebue Electric Association, patronage		
National Rural Telecommunications Cooperative		
Rural Wireless Association		
Ningiq, LLC		
Rural Telephone Finance Cooperative (RTFC):		
Subordinated capital certificates		
Patronage certificates		

Investments in other cooperatives are stated at the net realizable value of the patronage and equity allocated to the Cooperative. All other investments are stated at cost.

The Subsidiary joined another telecommunications carrier in Alaska to form Ningiq, LLC during 2007. Ningiq was formed to provide wireless voice, video, and data switching services for calls made by the owners' subscribers as well as other wireless carriers serving defined service areas in Alaska.

The Subsidiary made an initial contribution of \$350,000 to capitalize Ningiq and is a 50% owner of the entity. The investment in Ningiq is accounted for using the equity method. The following is selected financial information for Ningiq, LLC at December 31:

	2016	2015
Current assets		
Current liabilities		
Members' equity		
Operating revenues		
Operating expenses		

The Subsidiary paid \$195,944 to Ningiq for services provided during the year ended December 31, 2016 (\$275,367 in 2015), which are included in cellular operating expenses.

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Note 3 - Property, Plant, and Equipment

Listed below are the major classes of property, plant, and equipment and their related annual composite depreciation rates:

	Percent	2016	2015
Land, buildings, and support	2.51 to 14.29%		
Central office equipment	5.74 to 8.33%		
Cable and wire facilities	2.11 to 5.60%		
Other equipment	6.50 to 21.40%		

Note 4 - Long-Term Debt

Long-term debt consists of the following:

Variable rate (3.86% at 12/31/2016) mortgage note payable to CoBank, due in quarterly principal installments of \$250,000, interest paid monthly, collateralized by substantially all real and personal property, due December 31, 2024.

Less current portion

Future maturities of long-term debt are as follows:

2017
2018
2019
2020
2021
Thereafter

The long-term debt agreement restricts the payment of dividends or distributions. The long-term debt agreement also contains requirements regarding debt service coverage and other financial ratios. For the years ended December 31, 2016 and 2015, the Cooperative was in compliance with financial covenants of the debt agreement.

Note 5 - Employee Benefits

The Alaska Electrical Trust Funds Pension Plan for employees of the International Brotherhood of Electrical Workers (IBEW) and its Member Systems (the Plan) is a defined benefit pension plan covering many of the full-time employee members of IBEW, its affiliates and its members that have adopted the Plan. Pursuant to IRC Section 413(c)(4), the Plan is considered a Multiple Employer (other) Master Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan's employer identification number is 92-6005171 and the Plan Number is 001.

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

Note 5 – Employee Benefits, continued

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Cooperative is a participant in the above described plan. The Cooperative's contributions to the Plan in 2016 and 2015 represented less than 5 percent of the total contributions made to the Plan by all participating employers.

The Cooperative made contributions to the Plan of \$82,284 in 2016 and \$87,009 in 2015. There have been no significant changes that affect the comparability of 2016 and 2015 contributions.

The Plan's "zone status" determination was certified Green by the plan actuary for 2016 and 2015. The Plan is not subject to a funding improvement plan or a rehabilitation plan and as a result, no employer is subject to a contribution surcharge. There is a collective bargaining agreement between the Cooperative and IBEW LU 1547 which expired on December 31, 2013, but has been extended through December 31, 2016. Negotiated contributions currently satisfy the Cooperative's commitment towards meeting the annual minimum funding requirements for the Plan.

The Cooperative has a qualified defined contribution plan sponsored by IBEW for full-time hourly employees who meet certain age and length of service requirements. Contributions are 10% of eligible wages. Total pension cost in 2016, including amounts charged to construction, was \$139,733 (\$141,944 in 2015).

The Cooperative has a qualified defined contribution plan for certain management employees not covered by the IBEW pension plans. Contributions are 15% of eligible wages. Pension costs in 2016, including amounts charged to construction, were \$233,475 (\$228,319 in 2015).

The Cooperative also has a nonqualified deferred compensation plan (the Plan) available to certain employees. There were no contributions to the Plan in 2016 and 2015. Deferred credits of \$27,046 in 2016 (\$26,270 in 2015) represent the outstanding liability for nonqualified deferred compensation that is fully funded through restricted cash on the accompanying Consolidated Balance Sheets.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of OTZ Telephone Cooperative, Inc., subject only to the claims of the Cooperative's general creditors. Participants' rights under the Plan are equal to those of general creditors of the Cooperative in an amount equal to the fair market value of the deferred account for each participant.

SUPPLEMENTAL INFORMATION

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Consolidating Balance Sheet

December 31, 2016

	OTZ Telephone Cooperative, Inc.	OTZ Telecommuni- cations, LLC.	Eliminations	Total
ASSETS				
Current Assets:				
Cash and cash equivalents				
Accounts receivable, less allowance for doubtful accounts of zero				
Intercompany accounts receivable				
Materials and supplies				
Income tax receivable				
Prepaid expenses				
Total Current Assets				
Other Assets and Investments:				
Other investments				
Investment in subsidiary				
Note receivable, subsidiary				
Restricted cash				
Total Other Assets and Investments				
Property, Plant, and Equipment				
In service				
Under construction				
Total Property, Plant and Equipment				
Less accumulated depreciation				
Property, Plant, and Equipment, net				

	OTZ Telephone Cooperative, Inc.	OTZ Telecommuni- cations, LLC.	Eliminations	Total
LIABILITIES AND MEMBERS' EQUITY				
Current Liabilities:				
Current portion of long-term debt				
Accounts payable				
Accrued expenses				
Customer deposits				
Deferred revenue				
Advanced billing				
Total Current Liabilities				
Long-Term Debt, net of current portion				
Deferred Credits				
Unclaimed Capital Credits				
Members' Equity:				
Memberships				
Patronage capital				
Total Members' Equity				

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY
Consolidating Statement of Operations
Year Ended December 31, 2016

	OTZ Telephone Cooperative, Inc.	OTZ Telecommuni- cations, LLC	Eliminations	Total
Operating Revenues:				
Local network				
Network access				
Billing and collection, directory, and other				
Equipment sales and leases				
Long distance				
Cellular				
Internet				
Total Operating Revenues				
Operating Expenses:				
Plant specific				
Plant nonspecific				
Depreciation				
Customer				
Corporate				
Operating taxes				
Equipment sales and leases				
Long distance				
Cellular				
Internet				
General and administrative				
Total Operating Expenses				
Operating Margin (Loss)				
Other Income (Expense):				
Interest and dividend income				
Interest expense				
Allowance for funds used during construction				
Other gains (losses), net				
Total Other Income (Expense)				
Net Margin				

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Consolidating Statement of Cash Flows

Year Ended December 31, 2016

	OTZ Telephone Cooperative, Inc.	OTZ Telecommuni- cations, LLC	Eliminations	Total
Cash Flows from Operating Activities:				
Net margin				
Adjustments to reconcile net margin to net cash provided by operating activities:				
Depreciation				
Income from subsidiary				
Investment valuation and allocations				
Changes in operating assets and liabilities:				
Accounts receivable				
Intercompany accounts receivable				
Materials and supplies				
Income tax receivable				
Prepaid expenses				
Accounts payable				
Accrued expenses				
Customer deposits				
Deferred revenue				
Advanced billing				
Net Cash Provided by Operating Activities				
Cash Flows from Investing Activities:				
Capital expenditures				
Cash patronage received				
Net Cash Used by Investing Activities				

OTZ TELEPHONE COOPERATIVE, INC. AND SUBSIDIARY

Consolidating Statement of Cash Flows, continued

Year Ended December 31, 2016

	OTZ Telephone Cooperative, Inc.	OTZ Telecommuni- cations, LLC.	Eliminations	Total
Cash Flows from Financing Activities:				
Principal payments on long-term debt				
Decrease in memberships				
Receipts (payments) on amounts due to affiliates				
Net Cash Used by Financing Activities				
Net Increase (Decrease) In Cash and Cash Equivalents				
Cash and Cash Equivalents, beginning				
Cash and Cash Equivalents, ending				
Cash Paid for Interest Net of Amounts Capitalized				